

KAHN DAVID C  
Form 4  
April 20, 2010

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
KAHN DAVID C

2. Issuer Name and Ticker or Trading Symbol  
NETWORK 1 SECURITY SOLUTIONS INC [NSSI.OB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
380 HEMPSTEAD AVE  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
04/16/2010

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Chief Financial Officer

WEST HEMPSTEAD, NY 11552  
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to Purchase Common Stock	\$ 0.68	04/16/2010	J	75,000					04/16/2010	08/04/2013	Common Stock	75,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KAHN DAVID C 380 HEMPSTEAD AVE WEST HEMPSTEAD, NY 11552			Chief Financial Officer	

## Signatures

By: /s/ David C.  
Kahn

04/20/2010

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The expiration date of the option, previously granted on August 4, 2005, was extended for three years to August 4, 2013 by the Board of Directors on April 16, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. wn in "Other comprehensive income" in Column I.

IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for publication in Argentina.

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.1 Reclassifications (Column II)

Reclassifications affecting the statements of financial position

The column titled “Reclassifications” reflects the various differences in disclosure and format between the statements of financial position according to Argentine GAAP and RT 26. Unless otherwise stated, amounts have been reclassified for presentational purposes under RT 26 prior to affecting the corresponding RT 26 adjustments, as applicable, to the Argentine GAAP amounts. The impact of the RT 26 adjustments on reclassified balances is included in Column III titled “Measurement Adjustments” and is further discussed in Note 2.3.12.2 below. Unless otherwise stated, these reclassifications affect both the statements of financial position as of the transition date, i.e. July 1st, 2011, December 31, 2011, and as of June 30, 2012.

(a) Investment properties

The reclassification is consistent with the one described in Note 2.3.12.2 a) to the Unaudited Condensed Interim Consolidated Financial Statements.

(b) Trading properties

The reclassification is consistent with the one described in Note 2.3.12.2 b) to the Unaudited Condensed Interim Consolidated Financial Statements.

(c) In-kind receivables from barter transactions

The reclassification is consistent with the one described in Note 2.3.12.2 c) to the Unaudited Condensed Interim Consolidated Financial Statements.

(d) Non-current investments – investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 d) to the Unaudited Condensed Interim Consolidated Financial Statements.

(e) Current investments – investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 e) to the Unaudited Condensed Interim Consolidated Financial Statements.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12.1 Reclassifications (Column II) (Continued)

(f) Advances for purchases of property, plant and equipment, inventories and investments in associates and joint ventures

The reclassification is consistent with the one described in Note 2.3.12.2 f) to the Unaudited Condensed Interim Consolidated Financial Statements.

(g) Computer Software

The reclassification is consistent with the one described in Note 2.3.12.2 g) to the Unaudited Condensed Interim Consolidated Financial Statements.

Reclassifications affecting the statements of income for the six and three-month periods ended December 31, 2011 and for the year ended June 30, 2012

(i) Revenues – service income and service charges

The reclassification is consistent with the one described in Note 2.3.12.2 i) to the Unaudited Condensed Interim Consolidated Financial Statements.

(ii) Gain from disposal of investment properties

The reclassification is consistent with the one described in Note 2.3.12.2 ii) to the Unaudited Condensed Interim Consolidated Financial Statements.

(iii) Other operating results, net

The reclassification is consistent with the one described in Note 2.3.12.2 iii) to the Unaudited Condensed Interim Consolidated Financial Statements.

(iv) Investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 iv) to the Unaudited Condensed Interim Consolidated Financial Statements.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.1 Reclassifications (Column II) (Continued)

Reclassifications affecting the statements of cash flows for the six-month period ended December 31, 2011 and for the fiscal year ended June 30, 2012.

Under Argentine GAAP, the effect of changes in exchange rate of cash and cash equivalents were shown as operating activities and were not presented as a fourth category in the statement of cash flow, as RT 26 required.

Additionally, pursuant to Argentine GAAP, proceeds derived from sale of property, plant and equipment (including properties classified as investment properties under RT 26) were reported as operating activities. In accordance with RT 26, proceeds derived from sale of investment properties and property, plant and equipment are reported as investment activities.

Finally, according to Argentine GAAP, the acquisition of non-controlling interests was reported as investing activities, while under RT 26 are reported as cash from financing activities.

Thus, cash flows generated by or used in operating, investing and financing activities were different in the statement of cash flow prepared under Argentine GAAP.

2.3.12.2 Measurement adjustments (Column III)

Argentine GAAP differs in certain significant respects from RT 26. Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as further described below:

(A) Foreign currency translation

The Company has applied the one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero as of July 1st, 2011

(B) Revenue recognition – “scheduled rent increases”

The adjustment is consistent with the one described in Note 2.3.12.3 B) to the Unaudited Condensed Interim Consolidated Financial Statement.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.2 Measurement adjustments (Column III) (Continued)

(C) Trading properties

The adjustment is consistent with the one described in Note 2.3.12.3 D) to the Unaudited Condensed Interim Consolidated Financial Statements.

(D) Pre-operating and organization expenses

The adjustment is consistent with the one described in Note 2.3.12.3 E) to the Unaudited Condensed Interim Consolidated Financial Statements.

(E) Goodwill

Goodwill:

The adjustment is consistent with the one described in Note 2.3.12.3 F) to the Unaudited Condensed Interim Consolidated Financial Statements.

Negative goodwill:

The adjustment is consistent with the one described in Note 2.3.12.3 G) to the Unaudited Condensed Interim Consolidated Financial Statements.

(F) Non-current investments – financial assets

The adjustment is consistent with the one described in Note 2.3.12.3 H) to the Unaudited Condensed Interim Consolidated Financial Statements.

(G) Initial direct costs on operating leases

The adjustment is consistent with the one described in Note 2.3.12.3 I) to the Unaudited Condensed Interim Consolidated Financial Statements.

(H) Tenant deposits

The adjustment is consistent with the one described in Note 2.3.12.3 J) to the Unaudited Condensed Interim Consolidated Financial Statements.



IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.2 Measurement adjustments (Column III) (Continued)

(I) Present value accounting – tax credits

The adjustment is consistent with the one described in Note 2.3.12.3 L) to the Unaudited Condensed Interim Consolidated Financial Statements.

(J) Investment properties

The adjustment is consistent with the one described in Note 2.3.12.3 M) to the Unaudited Condensed Interim Consolidated Financial Statements.

(K) Impact of adjustments according to RT 26 in investments in subsidiaries

Argentine GAAP - Investment in entities in which the Company exercises control, are accounted for under equity method. Under this method, the investment is recognized at its original cost and periodically increased (decreased) for the investor share in profits (loss) of the subsidiary, and decreased by dividends received from the subsidiary. The Company applies its share to the financial statements of its investments booked under the equity method, prepared in accordance with Argentine GAAP.

As of July 1st, 2011, and June 30, 2012, the subsidiaries of the Company are those detailed in Exhibit I.

RT 26 – The Company has assessed all of its interests in the companies indicated in the preceding paragraph and has determined that it exercises control over all of them. Consequently, under RT 26, the Company also accounts for such investments under the equity method. Nevertheless, the Company has assessed the impact of adjustments to RT 26 to financial statements of such entities prepared under the Argentine GAAP in force, before the application of the equity method.

In Notes 2.3.12.3 (B),(C),(D),(E),(F),(G),(H),(I),(J),(K),(L),(N),(O),(P),(S) and (T) to the Unaudited Condensed Interim Consolidated Financial Statements, there is a description of the most significant adjustments to the shareholders’ equity and profit or loss of subsidiaries, as per RT 26.



IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.2 Measurement adjustments (Column III) (Continued)

(L) Impact of adjustments according to RT 26 in investments in associates

The adjustment is consistent with the one described in Note 2.3.1.12.3 N) to the Unaudited Condensed Interim Consolidated Financial Statements.

(M) Impact of adjustments to RT 26 in investments in joint ventures

The adjustment is consistent with the one described in Note 2.3.1.12.3 O) to the Unaudited Condensed Interim Consolidated Financial Statements.

(N) Acquisition of non-controlling interest

The adjustment is consistent with the one described in Note 2.3.12.3 P) to the Unaudited Condensed Interim Consolidated Financial Statements.

(O) Amortization of borrowing costs

The adjustment is consistent with the one described in Note 2.3.12.3 Q) to the Unaudited Condensed Interim Consolidated Financial Statements.

(P) Currency translation adjustments

The adjustment is consistent with the one described in Note 2.3.12.3 R) to the Unaudited Condensed Interim Consolidated Financial Statements.

(Q) Deferred income tax

The adjustment is consistent with the one described in Note 2.3.12.3 S) to the Unaudited Condensed Interim Consolidated Financial Statements.

2.4. Significant accounting policies

The principal accounting policies adopted for the preparation of these Unaudited Condensed Interim Separate Financial Statements are consistent with those used in preparing the information under RT 26 as of June 30, 2012 (which is shown in Exhibit I), and are based on those IFRS expected to be in force on June 30, 2013 (except for the accounting of investments in subsidiaries, associates and joint ventures, as described in Note 2.1). In addition, the most significant accounting policies are described in Exhibit I.



IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.5. Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimates and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual results might differ from the estimates and evaluations made at the date of preparation of these financial statements.

In the preparation of the Unaudited Condensed Interim Separate Financial Statements, the main significant judgments made by Management in applying the Company's accounting policies and the major sources of uncertainty were the same that the Company used in the preparation of financial statements as of and for the fiscal year ended June 30, 2012, which are described in Exhibit I.

3. Acquisitions and disposals

See the summary of acquisitions and disposals made by the Company for the six-month period ended December 31, 2012 in Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements.

4. Financial risk management

4.1. Risk management principles and processes

The Company's activities are exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

Exhibit I provides information on financial risk management as of June 30, 2012 and July 1st, 2011. Since June 30, 2012 there have been no changes in the risk management or risk management policies applied by the Company.

4.2. Fair value estimates

Since June 30, 2012 there have been no significant changes in business or economic circumstances affecting the fair value of the Company's financial assets or liabilities (either measured at fair value or amortized cost), nor any transfers between the different hierarchies used to assess the fair value of the Company's financial instruments and/ or reclassifications between categories of financial instruments.

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 5. Information about principal subsidiaries, associates and joint ventures

The Company conducts its business through several operating and holding subsidiaries, associates and joint ventures.

Set out below is the summarized financial information for investments in subsidiaries, associates and joint ventures for the six-month period ended December 31, 2012 and for the year ended June 30, 2012:

## Subsidiaries

	12.31.2012	06.30.2012
Beginning of the period/year	3,031,541	2,984,283
Acquisition of subsidiaries	-	202
Capital contribution	86,329	68,857
Disposal of subsidiaries	-	(19,448 )
Share of profit, net	271,168	274,690
Translation adjustment (iii)	10,506	5,344
Dividend payments (ii)	(139,417 )	(284,431 )
Reimbursement of expired dividends	591	
Acquisition of non-controlling interest	(1,142 )	
Reserve for share-based compensation	2,426	2,044
End of the period/year (i)	3,262,002	3,031,541

(i) Includes (Ps. 209) of investments with negative equity as of December 31, 2012, which are classified to Provisions (Note 16)

(ii) During the period, the Company collected dividends from APSA and Nuevas Fronteras S.A. for an amount of Ps. 133.8 million and Ps. 5.6 million, respectively.

(iii) As of December 31, 2012, corresponds to the translation adjustment of the period plus the reclassification of translation adjustment.

## Associates

	12.31.2012	06.30.2012
Beginning of the period/year	206,245	188,317
Acquisition of associates	-	1,429
Share of profit, net	9,344	16,499
Dividend payments	(8,452 )	-
End of the period/year	207,137	206,245

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 5. Information about principal subsidiaries, associates and joint ventures (Continued)

## Joint ventures

	12.31.2012	06.30.2012
Beginning of the period/year	119,644	117,125
Capital contributions	419	715
Share of profit, net	7,159	1,804
End of the period/year	127,222	119,644

## 6. Investment properties

Changes in Company's investment properties for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31. 2012	06.30.2012
Beginning of the period/year	890,433	925,906
Additions	1,207	12,343
Sales (ii)	(25,772 )	(27,365 )
Depreciation charge (i)	(14,223 )	(20,451 )
End of the period/year	851,645	890,433

(i) Depreciation charges of investment properties were included in "Costs" in the Statement of Income (Note 22).

(ii) See Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements.

The following amounts have been recognized in the statement of income:

	12.31.2012	12.31.2011
Rental and service income	125,161	110,137
Direct operating expenses	(54,104 )	(15,033 )
Gain from disposal of investment properties	55,959	24,727

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 7. Property, plant and equipment, net

Changes in Company's property, plant and equipment for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	8,765	10,138
Additions	326	2,705
Disposals of unused property, plant and equipment	(817 )	(2,366 )
Depreciation charge (i)	(383 )	(1,712 )
End of the period/year	7,891	8,765

(i) Depreciation charges of property, plant and equipment were included in "General and administrative expenses" and "Costs" in the statement of income (Note 22).

## 8. Trading properties

Changes in Company's trading properties for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	71,117	76,092
Additions	-	1,886
Sales	(3,145 )	(6,861 )
End of the period/year	67,972	71,117

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 9. Intangible assets

Changes in Company's intangible assets for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	5,987	8,724
Additions	69	1,188
Disposals	-	(2,951 )
Amortization charge (i)	(144 )	(974 )
End of the period/year	5,912	5,987

(i) Amortization charges of intangible assets are included in "General and administrative expenses" in the statement of income (Note 22).

## 10. Inventories

Company's inventories as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Current			
Materials and other inventories (i)	480	474	427
Current inventories	480	474	427
Total inventories	480	474	427

(i) The cost of inventories is recorded in "Costs" in the statement of income (Note 22).

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 11. Trade and other receivables, net

Company's trade and other receivables as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
<b>Non-current</b>			
Leases and services receivable	9,587	10,322	3,072
Non-current trade receivables	9,587	10,322	3,072
Minimum Presumed Income tax (MPIT)	89,579	76,328	54,278
Others	526	-	366
Non-current other receivables	90,105	76,328	54,644
Related parties (Note 27)	39,918	52,799	2,851
Total non-current trade and other receivables, net	139,610	139,449	60,567
<b>Current</b>			
Sale, leases and services receivable	32,287	29,663	32,700
Checks to be deposited	17	16	6,908
Notes receivable	-	381	-
Debtors under legal proceedings	3,006	2,911	8,596
Less: allowance for sales, leases and services receivable	(5,160 )	(4,783 )	(9,822 )
Trade receivables, net	30,150	28,188	38,382
Gross sales tax credit and others	633	414	-
Other tax receivables	1,221	2,530	2,363
Prepaid expenses	316	4,974	5,417
Expenses and services to recover	1,423	2,369	-
Advance payments	2,352	1,255	1,904
Others	977	1,222	8,395
Less: allowance for other receivables	(23 )	-	-
Current other receivables, net	6,899	12,764	18,079
Related parties (Note 27)	48,385	26,902	70,144
Current trade and other receivables, net	85,434	67,854	126,605
Total trade and other receivables, net	225,044	207,303	187,172

Movements on the Company's allowance for trade and other receivables are as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	4,783	9,822
Additions of the period/year	735	938
Unused amounts reversed	(335 )	(533 )
Used during the period/year	-	(5,444 )
End of the period/year	5,183	4,783



The creation and release of provision for impaired receivables have been included in “Selling expenses” in the statement of income (Note 22). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 12. Investments in financial assets

Company's investments in financial assets as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
<b>Non-current</b>			
Financial assets at fair value			
Investment in equity securities in TGLT S.A	72	86	105
Investment in equity securities in Hersha	-	19,608	18,337
Other equity securities in public companies	58	221	271
Financial assets at amortized cost			
Convertible notes APSA 2014 (Note 27)	-	143,679	130,444
Total Non-current investments in financial assets	130	163,594	149,157
<b>Current</b>			
Financial assets at fair value			
Mutual funds	8,473	2,494	2,170
Public companies securities	-	11,643	2,892
Financial assets at amortized cost			
Non-convertible notes APSA 2012 (Note 27)	-	-	13,367
Convertible notes APSA 2014 (Note 27)	156,089	-	-
Interest on convertible notes APSA 2014 (Note 27)	7,056	6,534	5,861
Other investments	9	9	12
Total Current investments in financial assets	171,627	20,680	24,302
Total investments in financial assets	171,757	184,274	173,459

## 13. Cash flow information

The following table shows the amounts of cash and cash equivalents as of December 31, 2012, June 30, 2012 and July 1, 2011:

	12.31.2012	06.30.2012	07.01.2011
Cash at bank and on hand	119,823	76,405	27,276
Mutual funds.	207	467	17,887
Total cash and cash equivalents	120,030	76,872	45,163

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 13. Cash flow information (Continued)

Following is a detailed description of cash flows generated by the Company's operations for the six-month periods ended December 31, 2012 and 2011.

	Note	12.31.2012	12.31.2011
Profit for the period		223,782	81,551
Adjustments for:			
Income tax	18	(43,601 )	(42,853 )
Depreciation and amortization	22	14,750	11,485
Gain from disposal of investment property	6	(55,959 )	(24,727 )
Disposals of unused property, plant and equipment	7	817	-
Share-based payments	26	625	518
Loss of derivative financial instruments	25	-	876
Changes in fair value of investments in financial assets	25	(26,438 )	5,829
Dividends income	25	-	(419 )
Interest expense, net		103,270	99,221
Provisions and allowances		28,517	17,584
Share of (profit)/ loss of subsidiaries, associates and joint ventures		(287,671 )	(145,390 )
Unrealized foreign exchange (gain) / loss, net		109,858	47,611
Increase in inventories		(6 )	(47 )
Decrease in trading properties		3,145	4,108
Decrease in trade and other receivables, net		2,671	14,451
Decrease in trade and other payables		(6,089 )	(7,254 )
Decrease in salaries and social security liabilities		(4,532 )	(550 )
Net cash generated by operating activities		63,139	61,994

Additional information

Explanation of Responses:

		12.31.2012	12.31.2011
Increase in investments in financial assets through an increase in borrowings		18,767	-
Dividends receivable		5,615	819
Increase in trade and other receivables, net through an increase in trade and other payables		-	3,032
Borrowing capitalization to subsidiaries, associates and joint ventures		4,647	-
Transfer of trade and other receivables to investment properties		-	2,222
Reserve for share-based payment compensation	5	2,426	1,794
Cumulative translation adjustment		10,506	8,784
Acquisition of non-controlling interest		1,142	15,311
Reimbursement of expired dividends	5	591	3,640
Dividends payable		52,487	-

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 14. Trade and other payables

Company's trade and other payables for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
<b>Non-current</b>			
Sales, rent and services payments received in advance	9,303	617	-
Guarantee deposits	4,277	5,739	4,285
Trade payables	13,580	6,356	4,285
Others	365	327	747
Non-current other payables	365	327	747
Related parties (Note 27)	17	16	-
Non-current trade and other payables	13,962	6,699	5,032
<b>Current</b>			
Trade payables	5,320	7,061	6,635
Invoices to be received	8,104	10,019	6,746
Sales, rent and service payments received in advance	18,700	10,216	4,971
Guarantee deposits	3,349	1,336	2,901
Total current trade payables	35,473	28,632	21,253
VAT payables	1,854	6,961	6,635
Other tax payables	13,597	10,098	6,116
Dividends payable to non-controlling shareholders	51,583	28,632	-
Others	2,801	3,254	1,302
Current other payables	69,835	48,945	14,053
Related parties (Note 27)	33,687	35,651	17,387
Current trade and other payables	138,995	113,228	52,693
Total trade and other payables	152,957	119,927	57,725

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 15. Salaries and social security liabilities

Company's Salaries and social security liabilities as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
<b>Current</b>			
Provision for vacation and bonuses	2,254	4,475	2,720
Salaries payable	18	252	72
Social security payable	601	424	294
<b>Total current salaries and social security liabilities</b>	<b>2,873</b>	<b>5,151</b>	<b>3,086</b>
<b>Total salaries and social security liabilities</b>	<b>2,873</b>	<b>5,151</b>	<b>3,086</b>

## 16. Provisions

The table below shows the movements in Company's provisions categorized by type of provision:

	Labor, legal and other claims	Investments in subsidiaries (*)	Total
At July 1st, 2011	1,082	-	1,082
Additions	5,992	99	6,091
Used during year	(100 )	-	(100 )
At June 30, 2012	6,974	99	7,073
Additions	5,782	110	5,892
Used during period	(317 )	-	(317 )
At December 31, 2012	12,439	209	12,648

(\*) Corresponds to investments in subsidiaries, associates and joint ventures with negative equity.

The analysis of total provisions is as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current	7,084	6,198	-
Current	5,564	875	1,082
	12,648	7,073	1,082

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 17. Borrowings

Company's borrowings as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	Secured/ unsecured	Currency	Fixed/ floating	Effective		Nominal value	Book value		
				interest rate %			12.31.2012	06.30.2012	07.01.2011
Non-current									
IRSA NCN due 2013	Unsecured	Ps.	Floating	Badlar +2.49%		153,152	-	51,032	-
IRSA NCN due 2014	Unsecured	US\$	Fixed	7.45 %		33,832	41,587	114,665	-
IRSA NCN due 2017 (Note 27)	Unsecured	US\$	Fixed	8.50 %		150,000	734,930	675,852	612,419
IRSA NCN due 2020	Unsecured	US\$	Fixed	11.50 %		150,000	719,553	661,078	598,116
Long-term loans	Secured	US\$	Fixed	12 %		-	-	-	27,585
Related parties (Note 27)	Unsecured	Ps.	Floating	Badlar		13,532	13,996	-	-
Related parties (Note 27)	Unsecured	US\$	Floating	Libor 3m +200		8,012	39,403	36,271	55,139
Related parties (Note 27)	Unsecured	US\$	Fixed	7.50 %		2,224	16,645	11,418	-
Finance lease obligations	Secured	US\$	Fixed	7.50 %		25	34	53	-
Total non-current borrowings							1,566,148	1,550,369	1,293,259
Current									
IRSA NCN due 2013	Unsecured	Ps.	Floating	Badlar +2.49 %		153,152	156,319	102,888	-
IRSA NCN due 2014	Unsecured	US\$	Fixed	7.45 %		33,832	125,556	38,278	-
IRSA NCN due 2017 (Note 27)	Unsecured	US\$	Fixed	8.5 %		150,000	25,252	23,175	20,960
IRSA NCN due 2020	Unsecured	US\$	Fixed	11.5 %		150,000	37,000	34,003	30,800
Bank overdrafts	Unsecured	Ps.	Floating	18.85% the lowest		153,935	155,271	143,997	365,198
Short-term loans	Unsecured	Ps.	Floating			-	-	50,004	50,240
Short-term loans	Unsecured	Ps.	Fixed	14 %		-	-	30,335	29,890

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Short-term loans	Secured	US\$	Fixed	12	%	968	1,004	914	28,728
Finance lease obligations	Secured	US\$	Fixed	7.50	%	24	116	157	-
Related parties (Note 27)	Unsecured	Ps.	Floating	Badlar		67,369	70,162	7	-
Related parties (Note 27)	Unsecured	Ps.	Fixed	7.50	%	6,000	29,763	-	-
Related parties (Note 27)	Unsecured	US\$	Floating	Libor 3m +200bps		8,012	404	410	198
Related parties (Note 27)	Unsecured	US\$	Fixed	5	%	5,950	30,121	27,447	5,172
Total Current borrowings							630,968	451,615	531,186
Total borrowings							2,197,116	2,001,984	1,824,445

NCN: Non-convertible Notes



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 18. Current and deferred income tax

The details of the provision for the Company's income tax are as follows:

	12.31.2012	12.31.2011
Current income tax	-	-
Deferred income tax	43,601	42,853
Income tax	43,601	42,853

The gross movement on the deferred income tax account is as follows:

	12.31.2012	06.30.2012
Beginning of period/year	(19,179 )	(79,464 )
Income tax gain	43,601	60,285
End of period/year	24,422	(19,179 )

Below is a reconciliation between income tax expense and the amount that would arise using the income tax rate applicable to Profit Before Income Tax for the six-month periods ended December 31, 2012 and 2011:

	12.31.2012	12.31.2011
Net income at tax rate	63,063	13,544
Permanent differences:		
Share of profit / (loss) from subsidiaries, associates and joint ventures	(100,685 )	(50,887 )
Others	(6,043 )	(3,074 )
Non-deductible items	64	(2,436 )
Income tax expense	(43,601 )	(42,853 )

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 19. Dividends

During the period ended December 31, 2012 the Company has paid dividends for an amount of Ps. 163.2 million.

Dividends for the year ended June 30, 2012 amounted to Ps. 180.0 million, which were approved at the Annual General Ordinary Shareholders' Meeting on October 31, 2012.

## 20. Revenues

	12.31.2012	12.31.2011
Rental and scheduled rent increases	90,440	82,993
Expenses	32,777	26,024
Property management fee	1,775	1,095
Others	170	26
Total rental and service income	125,162	110,138
Sale of trading properties	12,299	15,469
Total other revenue	12,299	15,469
Total revenues	137,461	125,607

## 21. Costs

	12.31.2012	12.31.2011
Leases and service costs	49,841	41,058
Cost of sales and development	4,264	5,629
Total cost of property operations	54,105	46,687
Total costs	54,105	46,687

## 22. Expenses by nature

The Company disclosed expenses in the statements of income by function as part of the line items "Costs", "General and administrative expenses" and "Selling expenses".

The following tables provide the additional required disclosure of expenses by nature and their relationship to the function within the Group.

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 22. Expenses by nature (Continued)

For the period ended December 31, 2012:

	Costs				Total
	Cost of property operations	Cost of sale of trading properties	General and administrative expenses	Selling expenses	
Leases and service charges	6,684	561	189	-	7,434
Depreciation and amortization	14,288	1	441	20	14,750
Allowances for trade and other receivables	-	-	-	400	400
Salaries, social security costs and other personnel expenses	5,243	59	12,856	2,130	20,288
Director's fees	-	-	18,596	-	18,596
Fees and payments for services	1,463	40	3,277	544	5,324
Maintenance, security, cleaning, repairs and others	17,912	29	1,181	67	19,189
Taxes, rates and contributions	3,720	419	187	2,961	7,287
Advertising and others selling expenses	-	-	-	1,043	1,043
Cost of sale of trading properties	-	3,145	-	-	3,145
Others	531	10	2,191	140	2,872
Total expenses by nature	49,841	4,264	38,918	7,305	100,328

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 22. Expenses by nature (Continued)

For the period ended December 31, 2011:

	Costs		General and administrative expenses	Selling expenses	Total
	Cost of property operations	Cost of sale of trading properties			
Leases and service charges	5,604	745	362	3	6,714
Depreciation and amortization	11,144	-	341	-	11,485
Allowances for trade and other receivables	-	-	-	179	179
Salaries, social security costs and other personnel expenses	5,553	42	13,882	1,743	21,220
Director's fees	-	-	9,755	-	9,755
Fees and payments for services	771	269	3,433	615	5,088
Maintenance, security, cleaning, repairs and others	13,503	35	942	79	14,559
Taxes, rates and contributions	4,104	430	80	2,869	7,483
Advertising and others selling expenses	-	-	-	1,525	1,525
Cost of sale of trading properties	-	4,108	-	-	4,108
Others	379	-	2,510	72	2,961
Total expenses by nature	41,058	5,629	31,305	7,085	85,077

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 23. Employee costs

	12.31.2012	12.31.2011
Salaries, bonuses and social security costs	18,895	19,786
Share-based compensation	625	518
Pension costs – defined contribution plan	29	64
Other expenses and benefits	739	852
Employee costs	20,288	21,220

## 24. Other operating results, net

	12.31.2012	12.31.2011
Related parties management fees (Note 27)	324	360
Personal assets tax	(1,901 )	(1,948 )
Donations	(178 )	(2,050 )
Lawsuits and other contingencies (1)	(5,868 )	(4,461 )
Others	(1,662 )	1,444
Total other operating results, net	(9,285 )	(6,655 )

(1) Includes judicial costs and expenses

## 25. Financial results, net

	12.31.2012	12.31.2011
Finance income:		
- Interest income	9,959	11,010
- Foreign exchange gains	32,799	13,641
- Fair value gains of investments in financial assets	26,438	-
- Dividends income	-	419
Total finance income	69,196	25,070
Finance costs:		
- Interest expense	(114,486 )	(110,231 )
- Foreign exchange losses	(140,378 )	(67,358 )
- L o s s o n d e r i v a t i v e s f i n a n c i a l instruments	-	(876 )
- Fair value loss of investments in financial assets	-	(5,829 )
- Other finance costs	(5,629 )	(6,070 )
Total finance costs	(260,493 )	(190,364 )
Total financial results, net	(191,297 )	(165,294 )

26. Share-based payments

For more details on share-based payments, see Note 30 to the Unaudited Condensed Interim Consolidated Financial Statements.

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## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 27. Related party transactions

The following is a summary of the balances with related parties as of December 31, 2012:

Related party	Ref.	Description of transaction	Investments	Trade	Trade	Trade	Borrowings	Borrowings
			in financial assets	and other receivables, net	and other receivables, net	and other payables		
			Current	Non-current	Current	Current	Current	Non-Current
Consultores								
Asset Management S.A.	(5)	Reimbursement of expenses	-	-	2,330	(36)	-	-
Estudio Zang, Bergel & Viñes	(6)	Advances	-	-	53	-	-	-
		Legal service fees	-	-	-	(377)	-	-
Fundación IRSA	(5)	Reimbursement of expenses	-	-	30	(3)	-	-
Museo de los Niños	(5)	Reimbursement of expenses	-	-	34	(12)	-	-
Directors	(6)	Reimbursement of expenses	-	-	157	-	-	-
		Fees	-	-	686	(17,385)	-	-
		Guarantee deposits	-	-	-	-	(8)	-
Quality Invest S.A.	(10)	Reimbursement of expenses	-	-	7	(48)	-	-
New Lipstick LLC	(5)	Reimbursement of expenses	-	-	1,180	-	-	-
Banco Hipotecario S.A.	(3)	Reimbursement of expenses	-	-	-	(81)	-	-
Cyrsa S.A.	(4)	Reimbursement of expenses	-	-	701	(19)	-	-
		Borrowings	-	-	-	-	(70,155)	-
Tarshop S.A.	(8)	Reimbursement of expenses	-	-	6	-	-	-
Alto Palermo S.A.	(2)	Reimbursement of expenses	-	-	3,581	(664)	-	-
		Convertible Notes 2014	163,145	-	-	-	-	-

	Share-based payment	-	-	12	-	-	-	-
	Share services	-	-	-	(236 )	-	-	-
	Borrowings	-	-	-	-	-	(29,763)	-
	Reimbursement							
Doneldon S.A.(2)	of expenses	-	-	16	-	-	-	-
	Reimbursement							
Arcos del Gourmet S.A. (7)	of expenses	-	-	7	-	-	-	-
	Reimbursement							
E-Commerce Latina S.A. (2)	of expenses	-	-	17	-	-	-	-
	Borrowings	-	-	-	-	-	-	(9,989 )
	Reimbursement							
Efanur S.A. (2)	of expenses	-	-	43	-	-	-	-
	Borrowings	-	39,913	-	-	-	-	-



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 27. Related party transactions (Continued)

Related party	Ref.	Description of transaction	Investments	Trade	Trade	Trade	Trade	Borrowings	Borrowings
			in financial assets	and other receivables, net	and other receivables, net	and other payables	and other payables		
			Current	Non-current	Current	Current	Non-current	Current	Non-current
Emprendimientos Recoleta S.A.	(7)	Reimbursement of expenses	-	-	-	(1 )	-	-	-
		Non-Convertible Note IRSA Class I 2017	-	-	-	-	-	(341 )	(6,460 )
Fibesa S.A.	(7)	Reimbursement of expenses	-	-	35	(5 )	-	-	-
Hoteles Argentinos S.A.	(2)	Reimbursement of expenses	-	-	54	-	-	-	-
		Other liabilities	-	-	-	(987 )	-	-	-
Imadison LLC	(5)	Reimbursement of expenses	-	-	824	-	-	-	-
Inversora Bolivar S.A.	(2)	Reimbursement of expenses	-	-	36	(67 )	-	-	-
		Borrowings	-	-	-	-	-	-	(11,941)
IRSA International LLC	(11)	Reimbursement of expenses	-	-	885	(657 )	-	-	-
Jiwin S.A.	(2)	Reimbursement of expenses	-	-	3	-	-	-	-
Llao Llao Resorts S.A.	(2)	Reimbursement of expenses	-	-	2,084	-	-	-	-
		Guarantee deposits	-	-	-	-	(9 )	-	-
		Borrowings	-	-	84	-	-	-	-
Nuevas Fronteras S.A.	(2)	Reimbursement of expenses	-	-	-	(7 )	-	-	-
		Management fees	-	-	67	-	-	-	-
		Borrowings	-	-	-	-	-	(30,120)	-
Palermo Invest S.A.	(2)	Reimbursement of expenses	-	-	31	-	-	-	-
		Borrowings	-	-	80	-	-	(8 )	(5,059 )
Panamerican Mall S.A.	(7)	Reimbursement of expenses	-	-	137	-	-	-	-
		Non-Convertible Note IRSA Class I 2017	-	-	-	-	-	(581 )	(10,999)

Real Estate Investment Group LP	Reimbursement (3) of expenses	-	-	35	(25 )	-	-	-
Real Estate Investment Group LP V	Reimbursement (3) of expenses	-	-	11	-	-	-	-
Real Estate Strategies Group LP	Reimbursement (3) of expenses	-	-	1,230	-	-	-	-

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## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 27. Related party transactions (Continued)

Related party	Ref.	Description of transaction	Investments in financial assets Current	Trade and other receivables net Non current	Trade and other receivables net Current	Trade and other payables Current	Trade and other payables Non Current	Borrowings Current	Borrowings Non Current
Ritelco S.A.	(2)	Reimbursement of expenses	-	-	16	(15 )	-	-	-
		Borrowings	-	-	-	-	(404 )	(43,055)	
Sedelor S.A.	(2)	Reimbursement of expenses	-	-	16	-	-	-	-
Solares Santa María S.A.	(2)	Reimbursement of expenses	-	-	3,359	-	-	-	-
		Borrowings	-	5	-	-	-	-	-
Torodur S.A.	(7)	Reimbursement of expenses	-	-	148	-	-	-	-
Tyrus S.A.	(2)	Reimbursement of expenses	-	-	101	(1 )	-	-	-
		Borrowings	-	-	21,118	-	-	-	-
Unicity S.A.	(2)	Reimbursement of expenses	-	-	5	-	-	-	-
Zetol S.A.	(5)	Reimbursement of expenses	-	-	136	-	-	-	-
Codalis S.A.	(2)	Reimbursement of expenses	-	-	24	-	-	-	-
Canteras Natal Crespo S.A.	(4)	Reimbursement of expenses	-	-	838	-	-	-	-
		Capital contribution to be received	-	-	4	-	-	-	-
		Borrowings	-	-	93	-	-	-	-
		Management fee	-	-	164	-	-	-	-
Baicom Networks S.A.	(5)	Reimbursement of expenses	-	-	12	-	-	-	-
Puerto Retiro S.A.	(9)	Reimbursement of expenses	-	-	154	-	-	-	-
Cresud S.A.C.I.F. y	(1)	Reimbursement of expenses	-	-	2,746	(207 )	-	-	-

Explanation of Responses:

A.								
	Share services	-	-	4,093	(11,949)	-	-	-
	Dividends	-	-	-	(903 )	-	-	-
	Borrowings	-	-	171	-	-	-	-
	Sale of properties	-	-	701	-	-	-	-
Futuros y Opciones .Com S.A.	(5) Reimbursement of expenses	-	-	-	(2 )	-	-	-
Alafox S.A.	(2) Reimbursement of expenses	-	-	26	-	-	-	-
Helmir S.A.	(5) Reimbursement of expenses	-	-	1	-	-	-	-
Nuevo Puerto Santa Fe S.A.	(10) Reimbursement of expenses	-	-	3	-	-	-	-
<b>Total</b>		<b>163,145</b>	<b>39,918</b>	<b>48,385</b>	<b>(33,687)</b>	<b>(17 )</b>	<b>(131,372)</b>	<b>(87,503)</b>

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## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 27. Related party transactions (Continued)

The following is a summary of the results and transactions with related parties for the six-month period ended December 31, 2012:

Related party	Ref.	Leases	Fees	Income from services and share expenses	Legal services	Interest Income / (Loss)
Alto Palermo S.A.	(2)	2,223	1,100	178	-	7,176
Canteras Natal Crespo S.A.	(4)	-	-	48	-	5
Consultores Assets Management S.A.	(5)	80	-	-	-	-
Cresud S.A.C.I.F. y A.	(1)	704	(12,272 )	43	-	297
Cyrsa S.A.	(4)	-	-	-	-	(2,792 )
Directors	(6)	-	(4,366 )	-	-	-
E-Commerce Latina S.A.	(2)	-	-	3	-	(360 )
Estudio Zang, Bergel & Viñes	(6)	-	-	-	(516 )	-
Fibesa S.A.	(7)	437	-	35	-	-
Inversora Bolivar S.A.	(2)	-	-	-	-	(405 )
Llao Llao Resorts S.A.	(2)	60	-	-	-	83
Nuevas Fronteras S.A.	(2)	-	-	273	-	(694 )
Tyrus S.A.	(2)	-	-	-	-	87
Efanur S.A.	(2)	-	-	-	-	650
Palermo Invest S.A.	(2)	-	-	-	-	(156 )
Emprendimiento Recoleta S.A.	(7)	-	-	-	-	(214 )
Ritelco S.A.	(2)	-	-	-	-	(509 )
Tarshop S.A.	(8)	1,608	-	153	-	-
Panamerican Mall S.A.	(7)	-	-	-	-	(365 )
Total		5,112	(15,538 )	733	(516 )	2,803

(1) Shareholder

(2) Subsidiary

(3) Associate

(4) Joint venture

(5) Related

(6) Related to the Board of Directors

(7) Subsidiary of APSA

(8) Associate of APSA

(9) Joint venture through Inversora Bolívar S.A.

(10) Joint venture of APSA

(11) Associate of Tyrus

Explanation of Responses:



IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

28. Negative working capital

At the end of the period, the Company had negative working capital. This situation is presently being considered by the Board of Directors and by Management.

29. Subsequent Events

Acceptance of repurchase offer

On January 14, 2013, IRSA accepted the offer submitted by APSA to repurchase all of the Series I convertible notes issued by APSA, which mature in July 2014 and amount as of the date of these financial statements to a par value of US\$ 31.7 million, for a total price of US\$ 35.4 million, or US\$ 1.1148554 per each convertible note. According to the terms of the offer received, the total price will be adjusted at the date of actual payment.

See other subsequent events in Note 33 to Unaudited Condensed Interim Consolidated Financial Statements.

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## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

1. Specific and significant legal systems that imply contingent lapsing or rebirth of benefits envisaged by such provisions.

None.

2. Significant changes in the Company's activities or other similar circumstances that occurred during the fiscal years included in the financial statements, which affect their comparison with financial statements filed in previous fiscal years, or that could affect those to be filed in future fiscal years.

See Note 2.1.

## 3. Receivables and liabilities by maturity date.

Items	Falling due (Point 3a.)	Without term (Point 3.b.)	Without term (Point 3.b.)	To be due (Point 3.c.)								
				Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	
Accounts receivable, net	Trade and other receivables, net	3,445	473	89,894	67,698	11,47	1,187	1,161	8,496	562	40,283	3
	Total	3,445	473	89,894	67,698	11,47	1,187	1,161	8,496	562	40,283	3
Liabilities	Trade and other payables	1,058	-	-	121,968	4,458	890	10,621	13,689	251	22	-
	Borrowings	-	-	-	275,149	92,902	91,891	171,026	41,615	58,7	11,35	1
	Salaries and social security liabilities	-	-	-	1,654	-	1,219	-	-	-	-	-
	Provisions	-	5,564	-	-	-	-	-	6,875	-	-	-
	Total	1,058	5,564	-	398,771	97,36	94	181,647	62,179	58,951	11,372	1



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 4.a. Breakdown of accounts receivable and liabilities by currency and maturity.

Concepts	Current			Non-current			Totals		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Accounts receivables, net	68,107	17,327	85,434	90,108	49,502	139,61	158,215	66,829	225,044
<b>Total</b>	<b>68,107</b>	<b>17,327</b>	<b>85,434</b>	<b>90,108</b>	<b>49,502</b>	<b>139,61</b>	<b>158,215</b>	<b>66,829</b>	<b>225,044</b>
Liabilities									
Trade and other payables	123,407	15,588	138,995	8,625	5,337	13,962	132,032	20,925	152,957
Borrowings	379,273	251,695	630,968	11,933	1,554,215	1,566,148	391,206	1,805,910	2,197,111
Salaries and social security liabilities	2,873	-	2,873	-	-	-	2,873	-	2,873
Provisions	5,564	-	5,564	6,875	-	6,875	12,439	-	12,439
<b>Total</b>	<b>511,117</b>	<b>267,283</b>	<b>778,400</b>	<b>27,433</b>	<b>1,559,552</b>	<b>1,586,985</b>	<b>538,55</b>	<b>1,826,835</b>	<b>2,365,38</b>

## 4.b. Breakdown of accounts receivable and liabilities by adjustment clause.

As of December 31, 2012 there are not receivable and liabilities subject to adjustment clause.

IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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## 4.c. Breakdown of accounts receivable and liabilities by interest clause.

Concepts	Current				Non-current				Accruing interest
	Accruing interest		Non-accruing interest		Accruing interest		Non-accruing interest		
	Fixed rate	Floating rate	Total		Fixed rate	Floating rate	Total		
Accounts receivables net	1,227	-	84,207	85,434	39,913	5	99,692	139,61	41,14
Total	1,227	-	84,207	85,434	39,913	5	99,692	139,61	41,14
Liabilities									
Trade and other payables	-	-	138,995	138,995	-	-	13,962	13,962	-
Borrowings	184,667	220,523	225,778	630,968	1,512,026	58,055	-3,933	1,566,148	1,696,693
Salaries and social security liabilities	-	-	2,873	2,873	-	-	-	-	-
Provisions	-	-	5,564	5,564	-	-	6,875	6,875	-
Total	184,667	220,523	373,210	778,400	1,512,026	58,055	16,904	1,586,985	1,696,693

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

## 5. Related parties.

## Interest in related parties:

Name of the entity	% of ownership interest held by the Group	
Direct Controlling interest of IRSA:		
Alafox S.A.	100.00	%
APSA	95.67	%
Codalis S.A.	100.00	%
Doneldon S.A.	100.00	%
E-Commerce Latina S.A.	100.00	%
Efanur S.A.	100.00	%
Hoteles Argentinos S.A.	80.00	%
Inversora Bolívar S.A.	100.00	%
Llao Llao Resorts S.A. (1	50.00	%
Nuevas Fronteras S.A.	76.34	%
Palermo Invest S.A.	100.00	%
Ritelco S.A.	100.00	%
Sedelor S.A.	100.00	%
Solares de Santa María S.A.	100.00	%
Tyrus S.A.	100.00	%
Unicity S.A.	100.00	%

1) Related parties debit/credit balances. See Note 27.

## 6. Loans to directors.

See Note 27.

## 7. Inventories.

In view of the nature of the inventories, no physical inventories are performed and there are no slow turnover assets.

## 8. Current values.

See Notes 6, 7, 8 and 10 of these Unaudited Condensed Interim Separate Financial Statements.

## 9. Appraisal revaluation of property, plant and equipment.

None.



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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10. Obsolete unused property, plant and equipment.

None.

11. Equity interest in other companies in excess of that permitted by section 31 of law N° 19,550.

None.

12. Recovery values.

See Notes 6, 7, 8 and 10 of these Unaudited Condensed Interim Separate Financial Statements.

13. Insurances.

Insured Assets

Real Estate	Insured amounts (1)	Accounting values	Risk covered
EDIFICIO REPÚBLICA	96,361	209,477	All operational risk with additional coverage and minor risks
BOUCHARD 551	63,303	124,327	All operational risk with additional coverage and minor risks
MORENO 877	49,508	66,674	All operational risk with additional coverage and minor risks
BOUCHARD 710	39,587	63,589	All operational risk with additional coverage and minor risks
MAIPU 1300	25,787	35,305	All operational risk with additional coverage and minor risks
SUIPACHA 652	17,041	9,580	All operational risk with additional coverage and minor risks
CASONA ABRIL	11,753	2,530	All operational risk with additional coverage and minor risks
AVDA. DE MAYO 595	5,148	3,650	All operational risk with additional coverage and minor risks
LIBERTADOR 498	3,423	3,764	All operational risk with additional coverage and minor risks
DIQUE IV	3,056	63,045	All operational risk with additional coverage and minor risks
RIVADAVIA 2768	369	153	All operational risk with additional coverage and minor risks
MADERO 1020	216	166	All operational risk with additional coverage and minor risks
CONSTITUCIÓN 1159	98	6,948	All operational risk with additional coverage and minor risks

Explanation of Responses:

CONSTITUCIÓN 1111	93	790	All operational risk with additional coverage and minor risks
SUBTOTAL	315,743	589,998	
SINGLE POLICY	15,000	-	Third party liability

(1) The insured amounts are in thousands of U.S. dollars.

In our opinion, the above-described insurance policies cover current risks adequately.

IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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14. Allowances and provisions that, taken individually or as a whole, exceed 2% of the shareholder's equity.

None.

15. Contingent situations at the date of the financial statements which probabilities are not remote and the effects on the Company's financial position have not been recognized.

Not applicable.

16. Status of the proceedings leading to the capitalization of irrevocable contributions towards future subscriptions.

Not applicable.

17. Unpaid accumulated dividends on preferred shares.

None.

18. Restrictions on distributions of profits.

See Note 27 of Exhibit I to the Unaudited Condensed Interim Consolidated Financial Statements.

Autonomous City of Buenos Aires, February 18, 2013.

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

1. Brief comments on the Company's activities during the period, including references to significant events occurred after the end of the period.

See attached.

2. Comparative summarized consolidated shareholders' equity structure

	12.31.12	06.30.12	07.01.11
Non-Current Assets	1,208,407	6,050,293	5,812,347
Current Assets	6,680,475	839,328	819,565
Total Assets	7,888,882	6,889,621	6,631,912
Non-Current Liabilities	1,509,024	2,644,108	2,372,540
Current Liabilities	3,208,496	1,205,744	1,176,759
Total Liabilities	4,717,520	3,849,852	3,549,299
Non-controlling interest	465,233	390,428	331,609
Shareholders' Equity	2,706,129	2,649,341	2,751,004
Total	7,888,882	6,889,621	6,631,912

3. Comparative summarized consolidated income structure

	12.31.12	12.31.11
Operating result	558,874	372,271
Share of profit of associates and joint ventures	14,384	16,224
Profit before financial results and income tax	573,258	388,495
Finance income	121,586	50,033
Finance cost	(378,881 )	(305,660 )
Financial loss, net	(257,295 )	(255,627 )
Profit Before Income Tax	315,963	132,868
Income tax	(70,084 )	(53,484 )
Profit for the period	245,879	79,384
Attributable to:		
Equity holders of the parent	223,782	81,551
Non-controlling interest	22,097	(2,167 )



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 4. Statistical data as compared with the same period of previous year.

Summary of properties sold in units and in thousands of pesos.

	12.31.12	12.31.11
<b>Apartments &amp; Loft Buildings</b>		
Torres Jardín	-	-
Torres de Abasto (1)	-	-
Barrio chico		371
Caballito Nuevo	6,168	7,119
Edificios Cruceros	-	-
Torres Renoir	-	-
Torres Renoir II	-	-
Alto Palermo Park	-	-
San Martín de Tours	-	-
Terreno Caballito	-	-
Torres de Rosario	4,260	3,503
Libertador 1703 and 1755 (Horizons)	69,120	53,928
Others	811	-
<b>Residential Communities</b>		
Abril / Baldovinos (2)	1,113	-
El Encuentro	4,207	7,979
Villa Celina I, II and III	-	-
<b>Undeveloped plots of land</b>		
Pereiraola	-	-
Santa María del Plata	-	-
Terreno Rosario (1)	-	20,587
Caballito Mz 35 (1)	-	-
Neuquén (1)	-	-
Aguero 596 (1)	-	-
Canteras Natal	56	12
C.Gardel 3134 (1)	-	-
Thames	-	20,022
C.Gardel 3128 (1)	-	-
Terreno Beruti (1)	-	-
Club de Campo Valle Escondido (1)	-	-
Terreno Mendoza	-	-
Torres Jardín IV	-	-
<b>Others</b>		
Dique III	-	-
Bouchard 551	-	-

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Madero 1020	-	-
Della Paolera 265	-	-
Madero 942	-	-
Dock del Plata	-	-
Libertador 498	-	10,600
Edificios Costeros	-	-
Sarmiento 517	-	-
Libertador 602	-	-
Laminar	-	-
Museo Renault	-	-
Reconquista 823	-	-
Locales Crucero I	-	-
Others	-	45
	85,735	124,166

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 5. Key ratios as compared.

	12.31.2012		06.30.2012	
<b>Liquidity</b>				
Current assets	1,208,407		839,328	
Current liabilities	1,509,024	=0.80	1,205,744	=0.70
<b>Debt</b>				
Total liabilities	4,717,520		3,849,852	
Shareholders' Equity	2,706,129	=1.74	2,649,341	=1.45
<b>Solvency</b>				
Shareholders' Equity	2,706,129		2,649,341	
Total liabilities	4,717,520	=0.57	3,849,852	=0.69
<b>Non-Current Assets to total Assets</b>				
Non-Current Assets	6,680,475		6,050,293	
Total assets	7,888,882	=0.85	6,889,621	=0.88

## 6. Brief comment on the outlook for the coming period.

See attached.

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### Limited Review Report

To the Shareholders, President and Board of Directors of  
IRSA Inversiones y Representaciones Sociedad Anónima  
C.U.I.T.: 30-52532274-9  
Legal address: Bolívar 108 - 1° floor - Autonomous City of Buenos Aires

1. We have reviewed the accompanying unaudited condensed interim separate statement of financial position of IRSA Inversiones y Representaciones Sociedad Anónima as of December 31, 2012, and the related unaudited condensed interim separate statements of income, unaudited condensed interim separate statements of comprehensive income for the six and three-month periods ended December 31, 2012 and the unaudited condensed interim separate statements of changes of shareholders' equity and unaudited condensed interim separate statements of cash flows for the six-month period ended December 31, 2012 and selected explanatory notes. The balances and other information corresponding to the fiscal year ended June 30, 2012 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to these financial statements.

2. The Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim separate financial statements in accordance with professional accounting standards of Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) added by the National Securities Commission (CNV) to its regulations. Those standards differ from the International Financial Reporting Standards (IFRS) and, especially, from the International Accounting Standard No 34 "Interim Financial Reporting" (IAS 34) approved by the International Accounting Standard Board (IASB) and used for the preparation of the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima with its subsidiary as to the aspects mentioned in note 2.1 to the unaudited condensed interim separate financial statements attached. Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in paragraph 3.

3. We conducted our review in accordance with Technical Resolution No. 7 issued by the FACPCE for a review of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of personnel responsible for financial and accounting matters. It is substantially less in scope than an audit, the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

4. As mentioned in Note 2.1 to the unaudited condensed interim separate financial statements, these unaudited condensed interim separate financial statements have been prepared in accordance to Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences, which differ from the International Financial Reporting Standards, and especially, from the International Accounting Standard No 34 used in the preparation of the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima with its subsidiaries as to the aspects mentioned in Note 2.3 to the unaudited condensed interim separate financial statements attached. The fiscal year ended June 30, 2013 will be the first year of application of IFRS. The adjustments and other effects of the transition to IFRS are presented in Note 2.3 to these unaudited condensed interim separate financial statements. The amounts included in the reconciliations shown in Note 2.3 are subject to change as a consequence of potential changes in IFRS which may occur until June 30, 2013, and should only be considered as final upon issuance of the annual financial statements for the fiscal year ended June 30, 2013.



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Limited Review Report (Continued)

5. Nothing came to our attention as a result of our review that caused us to believe that these unaudited condensed interim separate financial statements have not been prepared in all material respects in accordance with Technical Pronouncement No. 26 of the FACPCE for separate financial statements of a parent company.

6. In accordance with current regulations, we hereby inform that :

a) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are recorded in the "Inventory and Balance Sheet Book" and carried in all formal respects in conformity with legal requirements, and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and the corresponding resolutions of the National Securities Commission;

b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;

c) we have read the Additional Information to the notes to the unaudited condensed interim separate financial statements required by Article 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observations to make;

d) at December 31, 2012, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentine Integrated Pension System which arises from accounting records and submissions amounted to Ps. 384,663, which was callable at that date.

Autonomous City of Buenos Aires, February 18, 2013.

PRICE WATERHOUSE & Co. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17  
Carlos Martín Barbafina  
Public Accountant (UCA)  
C.P.C.E.C.A.B.A. T° 175 F° 65

ABELOVICH, POLANO &  
ASOCIADOS S.R.L.

(Partner)

C.P.C.E. C.A.B.A. T° 1 F° 30  
Marcelo Héctor Fuxman  
Public Accountant (U.B.A.)  
C.P.C.E. C.A.B.A. T° 134 F° 85

I. Brief comment on the Company's activities during the period, including references to significant events occurred after the end of the period.

Buenos Aires, February 18, 2013 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for the six-month period ended December 31, 2012.

Consolidated Income  
(In millions of ARS, excluding joint businesses)

	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Revenues	599.7	481.3	24.6	%	1.086.0	912.9	19.0	%
Operating Income / (Loss)	360.9	198.3	82.0	%	558.9	372.3	50.1	%
Depreciation and Amortization	74.9	57.8	29.5	%	107.1	85.8	24.8	%
EBITDA	435.8	256.1	70.2	%	666.0	458.1	45.4	%
Net Income for the period	195.1	227.2	(14.2)	)%	245.9	74.9	209.7	%

„ Revenues grew by 24.6% in the second quarter of 2013 compared to the same quarter of 2012, and by 19.0% compared to the first six months of the previous fiscal year.

„ Consolidated operating income for the first six months of 2013 amounted to ARS 558.9 million, 50.1% higher than in the same semester of 2012. The growth in operating income, which outpaced revenues, is mainly explained by the sale of Investment Properties during this period, which was 126.3% higher than in the first six months of 2012. EBITDA recorded a similar behavior, as it grew 45.4% in the first six months of 2013 compared to the same period of 2012.

„ Profit for the period increased by 209.7% for the first six months of the year compared to the same period last year mainly due to the results of the investment in Madison 183 Building in Manhattan, NY.

II. Shopping Centers (through our subsidiary Alto Palermo S.A.)

During the second quarter of 2013, our shopping centers maintained their growth rate in terms of sales and reached a 98.8% occupancy level, one percentage point higher than in the same period of 2012.

According to the Shopping Centers' poll made by the INDEC<sup>1</sup>, as of December 31, 2012, cumulative tenants' sales for the past twelve months recorded a 22.5% increase compared to the same period of the previous year.

Our tenants' sales grew 23.2% compared to the same period of the previous fiscal year, and 24.1% if we compare the second quarter of 2013 to the same quarter of 2012, driven by the growth in sales from the shopping centers in Greater Buenos Aires and the interior of Argentina. In this way, Revenues and EBITDA from this segment recorded increases of 20.4% and 17.1%, respectively.

Financial indicators of the Shopping Centers segment  
(In millions of ARS)

	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Revenues	450.2	367.1	22.6	%	809.0	671.7	20.4	%
Operating Income	196.5	157.4	24.8	%	353.4	298.9	17.4	%

Explanation of Responses:

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Depreciation and Amortization	44.7	34.5	29.6	%	76.3	68.9	10.8	%
EBITDA	241.2	191.8	25.6	%	429.6	367.7	16.8	%

1

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Operating indicators of the Shopping Centers segment  
(In millions of ARS, except as indicated)

	IIQ 13	IQ 13	IVQ 12	IIIQ 12	IIQ 12
Gross Leaseable Area (sqm)[2]	309,021	309,021	309,021	307,685	308,597
Tenants' Sales (12 month cumulative)	13,967	10,471	9,966	9,393	8,975
Tenants' Sales in the same Shopping Centers [1] (12 month cumulative)	13,397	10,037	9,577	9,056	8,689
Occupancy [2]	98.8 %	98.4 %	98.4 %	97.8 %	97.8 %

[1] Excludes "Soleil" and "Ribera Shopping" shopping centers.

[2] Percentage over gross leaseable area as of period end.

Operating data of our Shopping Centers

Shopping Center	Date of Acquisition	Gross Leaseable Area (sqm)[1]	Stores	APSA's Interest	Occupancy [2]	Book Value (ARS thousand) [3]
Alto Palermo	Nov-97	18,701	146	100.0 %	98.9 %	245,728
Abasto Shopping[4]	Jul-94	37,711	173	100.0 %	100.0 %	303,744
Alto Avellaneda	Nov-97	36,943	140	100.0 %	97.6 %	148,916
Paseo Alcorta	Jun-97	14,107	111	100.0 %	99.8 %	128,155
Patio Bullrich	Oct-98	11,684	82	100.0 %	100.0 %	128,478
Alto Noa Shopping	Mar-95	19,038	92	100.0 %	99.7 %	36,890
Buenos Aires Design	Nov-97	13,769	62	53.7 %	97.7 %	18,170
Alto Rosario Shopping[5]	Nov-04	27,691	146	100.0 %	97.9 %	131,442
Mendoza Plaza Shopping	Dec-94	42,237	148	100.0 %	96.2 %	119,158
Córdoba Shopping	Dec-06	15,191	106	100.0 %	100.0 %	74,891
Dot Baires Shopping	May-09	49,527	152	80.0 %	100.0 %	466,959
Soleil	Jul-10	14,712	70	100.0 %	100.0 %	83,552
La Ribera Shopping	Aug-11	7,710	48	50.0 %	100.0 %	15,780
Total Shopping Centers		309,021	1,476		98.8 %	1,901,863

[1] Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.

[2] Calculated dividing occupied square meters by leaseable area on the last day of the period.

[3] Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation, less allowance for impairment in value, plus recovery of allowances, if applicable. Excludes works in progress.

[4] Excludes Museo de los Niños (3,732 sqm).

[5] Excludes Museo de los Niños (1,261 sqm).

Cumulative tenants' sales as of December 31

(By Shopping Center, for the quarter and for the first six months of each fiscal year, in millions of ARS)

Shopping Center	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Alto Palermo	458.2	378.9	20.9 %	813.5	687.5	18.3 %

Explanation of Responses:

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Abasto Shopping	550.8	436.9	26.1	%	989.8	801.2	23.5	%
Alto Avellaneda	530.0	420.6	26.0	%	953.0	741.2	28.6	%
Paseo Alcorta	245.0	199.0	23.1	%	420.1	351.8	19.4	%
Patio Bullrich	159.5	145.4	9.7	%	283.0	267.6	5.8	%
Alto Noa Shopping	166.2	134.6	23.5	%	306.4	249.0	23.1	%
Buenos Aires Design	62.7	59.6	5.2	%	119.9	118.7	1.0	%
Alto Rosario Shopping	292.6	226.5	29.2	%	535.7	416.6	28.6	%
Mendoza Plaza Shopping	318.0	242.8	31.0	%	587.4	457.5	28.4	%
Córdoba Shopping	125.1	96.2	29.8	%	221.1	174.5	26.7	%
Dot Baires Shopping	452.1	371.0	21.9	%	798.0	654.2	22.0	%
Soleil	88.4	70.8	24.9	%	158.5	133.3	18.9	%
La Ribera Shopping [1]	47.8	34.9	37.0	%	101.1	51.0	98.2	%
Total	3,496.4	2,817.4	24.1	%	6,287.5	5,104.1	23.2	%

[1] APSA took possession of this Shopping Center on August 15, 2011.

## Cumulative tenants' sales as of December 31

(By Type of Business, for the quarter and for the first six months of each fiscal year, in millions of ARS)

Type of Business	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Anchor Store	250.8	208.4	20.3	%	438.8	369.8	18.7	%
Clothes and Footwear	1.827.9	1.457.0	25.5	%	3.144.4	2.554.4	23.1	%
Entertainment	84.0	68.9	21.9	%	219.1	163.2	34.3	%
Home	620.5	490.9	26.4	%	1.141.4	909.1	25.6	%
Restaurant	270.3	224.2	20.6	%	558.6	457.0	22.2	%
Miscellaneous	425.9	354.5	20.1	%	751.6	625.3	20.2	%
Services	17.1	13.5	26.7	%	33.7	25.3	33.2	%
Total	3,496.4	2,817.4	24.1	%	6,287.5	5,104.1	23.2	%

## Cumulative revenues from leases as of December 31

(Detailed revenues, for the quarter and for the first six months of each fiscal year, in millions of ARS)

Detailed Revenues	IIQ13	IIQ12	YoY var		6M 13	6M 12	YoY var	
Base Rent	153,834	124,673	23.4	%	287,351	235,647	21.9	%
Percentage Rent	88,002	69,617	26.4	%	144,673	122,262	18.3	%
Total Rent	241,836	194,290	24.5	%	432,024	357,909	20.7	%
Admission rights	27,227	21,805	24.9	%	51,337	41,624	23.3	%
Fees	4,165	8,524	(51.1)	)%	13,053	17,076	(23.6)	)%
Parking	15,702	10,518	49.3	%	30,792	21,408	43.8	%
Management fees	4,420	3,550	24.5	%	8,564	6,060	41.3	%
Other	915	(1,013)	-		1,625	310	423.9	%
Total Revenues before Common Expenses and Common Promotional Fund	294,265	237,673	23.8	%	537,395	444,387	20.9	%
Common Expenses and Common Promotional Fund	155,895	129,532	20.4	%	271,607	227,279	19.5	%
Total Revenues	450,160	367,205	22.6	%	809,002	671,666	20.4	%

## III. Offices

During the second quarter of fiscal year 2013, average rental prices and the occupancy rate in the A+ market stood at 31 USD/sqm, whereas the vacancy rate decreased slightly in the last months of the calendar year, reaching levels close to 9%.

## Rent and Vacancy of A and A+ Offices in the City of Buenos Aires

Source: LJ Ramos



IRSA Inversiones y Representaciones Sociedad Anónima  
Summary as of December 31, 2012

in ARS MM	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Revenues	70.1	62.0	13.1	%	140.4	120.2	16.8	%
Operating Income	24.4	22.9	6.6	%	53.8	47.5	13.2	%
Depreciation and Amortization	18.2	11.5	58.3	%	18.3	11.6	58.1	%
EBITDA	42.6	34.4	23.8	%	72.1	59.1	22.0	%

	IIQ 1313		IQ 13		IVQ12		IIIQ12		IIQ12	
Premium Portfolio Occupancy	96.4	%	96.8	%	96.5	%	97.0	%	96.0	%

- „ Revenues from the Offices segment increased by 13.1% in the second quarter of fiscal year 2013 compared to the same period of the previous fiscal year and 16.8% compared to the first six months of the previous fiscal year.
- „ The Premium portfolio's occupancy level reached 96.4% during the period under review, in line with the trend observed during the previous quarters.
- „ EBITDA grew 22.0% in the first six months of 2013 compared to 2012 and the EBITDA/Revenue margin for the period, excluding revenues from common maintenance expenses, stood at 69.2%, similar to the margin recorded in the same period of 2012.

Below is information on our offices and other rental properties segment as of December 31, 2012.

Operating Data of the Offices segment  
(In millions of ARS, except as indicated)

	Date of Acquisition	Gross Leaseable Area sqm (1)	Occupancy (2)		Interest		Book Value(3)
<b>Offices</b>							
Edificio República	Apr-08	19,884	90.3	%	100	%	209,477
Torre Bankboston	Aug-07	14,873	96.4	%	100	%	148,111
Bouchard 551	Mar-07	21,021	100.0	%	100	%	124,327
Intercontinental Plaza	Nov-97	22,535	100.0	%	100	%	50,691
Bouchard 710	Jun-05	15,014	100.0	%	100	%	63,589
Dique IV, Juana Manso 295	Dec-97	11,298	91.7	%	100	%	63,045
Maipú 1300	Sep-95	10,280	97.5	%	100	%	35,305
Libertador 498	Dec-95	620	100.0	%	100	%	3,764
Suipacha 652/64	Nov-91	11,453	89.9	%	100	%	9,580
Madero 1020	Dec-95	101	100.0	%	100	%	166
Dot Building (7)	Nov-06	11,242	100.0	%	96	%	106,068
Other(4)	N/A	2,966	90.8	%	-		2,190
Subtotal Offices		141,287	96.4	%	-		816,313
<b>Other Properties</b>							
Commercial Properties(5)	N/A	312	-		-		3,147
Santa María del Plata S.A.	Jul-97	60,100	100.0	%	100	%	12,494
Nobleza Piccardo (8)	May-11	80,028	100.0	%	50	%	78,421
Catalinas Norte Plot	Dec-09	N/A	-		-		109,162

Explanation of Responses:

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Other Properties(6)	N/A	2,072	100.0	%	-	6,948
Subtotal Other Properties		142,512	99.8	%		210,171
<b>TOTAL OFFICES AND OTHER</b>		<b>283,799</b>	<b>98.1</b>	<b>%</b>	<b>-</b>	<b>1,026,484</b>

1 Survey of Shopping Centers. December 2012. INDEC [www.indec.gov.ar](http://www.indec.gov.ar)

Notes:

- (1) Total leaseable area for each property as of December 31, 2012. Excludes common areas and parking.
- (2) Calculated dividing occupied square meters by leaseable area as of December 31, 2012.
- (3) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment.
- (4) Includes the following properties: Av. de Mayo 595, Rivadavia 2774, and Costeros Dique IV.
- (5) Includes the following properties: Constitución 1111 and Casona de Abril.
- (6) Includes the following properties: Constitución 1159 and Canteras.
- (7) Through Alto Palermo S.A.
- (8) Through Quality Invest S.A.

	Monthly Income (1)	Annual cumulative rental income(2)					
		IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
<b>Offices</b>							
<b>Edificio</b>							
República	2,591	9,707	8,470	14,6 %	20,401	17,391	17.3 %
Torre Bankboston	2,103	8,815	7,897	11,6 %	17,467	13,902	25.6 %
Bouchard 551	2,440	9,023	9,647	(6,5)%	19,798	18,374	7.8 %
<b>Intercontinental</b>							
Plaza	2,486	10,241	8,150	25,7 %	20,961	16,961	23.6 %
Bouchard 710	2,196	8,013	6,288	27,4 %	15,933	12,456	27.9 %
<b>Dique IV, Juana</b>							
Manso 295	1,513	5,599	4,739	18,1 %	11,014	10,110	8.9 %
Maipú 1300	1,205	5,298	4,491	18,0 %	10,330	9,024	14.5 %
Libertador 498	201	724	1,240	(41,6)%	2,034	2,623	(22.5)%
Suipacha 652/64	738	2,690	2,437	10,4 %	5,313	4,775	11.3 %
Madero 1020	6	6	10	(40,0)%	12	19	(36.8)%
Dot Building	1,016	4,837	4,045	19,6 %	9,283	5,505	68.6 %
Other Offices	265	5	3,745	(99,9)%	559	4,491	(87.6)%
Subtotal Offices	16,760	64,955	61,159	6,2 %	133,105	115,631	15.1 %
<b>Other Properties</b>							
<b>Santa María del</b>							
Plata S.A.	118	1,766	274	544,5 %	2,090	562	271.9 %
Nobleza Piccardo	1,556	2,404	2,034	18,2 %	4,452	3,999	11.3 %
Other Properties	15	744	16	-	744	15	-
Subtotal Other Properties	1,689	4,624	2,324	99,0 %	7,286	4,576	59.2 %
<b>TOTAL OFFICES AND OTHER</b>	<b>18,449</b>	<b>70,062</b>	<b>63,483</b>	<b>10,4 %</b>	<b>140,391</b>	<b>120,207</b>	<b>16.8 %</b>

## Notes:

(1) Agreements in force as of December 31, 2012 for each property were computed.

(2) Represents the total consolidated rents.

## IV. Sales and Developments

In terms of prices, the price per new square meter in the City of Buenos Aires continues its upward trend. The following chart shows the development of the price per square meter in dollars in two residential areas in the City of Buenos Aires.

Price of a new apartment in a residential area of Buenos Aires (USD/sqm)

Source: Reporte Inmobiliario

## Sales and Developments in

ARS MM	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Revenues	33.2	10.2	225.5	%	85.7	65.7	30.6	%
Operating Income	11.1	18.1	(38.6)	)%	41.2	29.3	41.1	%
Depreciation and Amortization	-	-	-		-	-	-	
EBITDA	11.1	18.1	(38.6)	)%	41.2	29.3	41.1	%

During the first six months of 2013, sales totaled ARS 85.7 million, mainly explained by the recognition of higher revenues from the “Horizons” project recorded in the second quarter of the period, offset by lower revenues from the Terreno Rosario project, which was sold during the first half of 2012. EBITDA for the first six months of fiscal year 2013 grew 41.1%, driven by the sale of the investment properties Libertador 498 (“El Rulero”) and “Bouchard 551” (“La Nación”).

## Sales and progress of development projects

## Partial Sale of “La Nación” Building, City of Buenos Aires

On October 4, 2012, IRSA executed the deed of conveyance of title for the sale of functional unit No. 359, in floor 20, and functional units (parking spaces) No. 290 to 294, in the first basement, and No. 42 to 44, in the third basement, of the building located at Avda. Libertador 498. The transaction price was fixed at USD 2.9 million, USD 1.9 million of which had been collected on September 14, 2012, the date of execution of the preliminary sale agreement, and the balance was paid upon execution of the title deed.

## Torre Caballito, City of Buenos Aires

This property, with a surface area of 8,404 square meters, is situated in the northern area of Caballito’s residential neighborhood in the City of Buenos Aires. On May 4, 2006, IRSA and KOAD S.A. (“KOAD”), an Argentine developer, entered into an asset barter agreement valued at USD 7.5 million in connection with plot number 36 of “Terrenos de Caballito” whereby KOAD agreed to develop a residential complex called “Caballito Nuevo”, at its cost, consisting of two 34-story towers containing 220 apartments each, consisting of one, two and three bedroom residential units with surface areas ranging from 40 to 85 sqm, totaling approximately 28,000 saleable sqm. The project offers a wide variety of amenities and services. As a result of this transaction, Koad delivered to IRSA 118 apartments and 61 parking spaces in the first tower, representing 25% of the total square meters for sale. As of December 31, 2012, 1 apartment and 16 parking spaces were available for sale.



**Abril, Hudson, Greater Buenos Aires**

Abril is a 312-hectare private residential community located near Hudson City, approximately 34 kilometers south of the City of Buenos Aires. We have developed this property into a private residential community for the construction of single family homes targeting the upper-middle income market. The project includes 20 neighborhoods subdivided into 1,273 lots of approximately 1,107 square meters each. Abril also includes an 18-hole golf course, 130 hectares of woodlands, a 4,000-square meter mansion and entertainment facilities. A bilingual school, horse stables and sports centers and the construction of the shopping center were concluded in 1999. The neighborhoods have been completed, and as of December 31, 2012, 4 plots extending over an area of 5,137 sqm, were available for sale.

**El Encuentro, Benavidez, Tigre**

In the district of Benavidez, Municipality of Tigre, 35 kilometers north from downtown Buenos Aires, a 110-hectare gated residential complex known as “El Encuentro” is located, consisting of a total of 527 lots with a total saleable area of 610,785.15 sqm with two privileged accesses: the main one to Vía Bancalari and the service one to Highway No. 9, allowing an easy way to and from the city. On May 21, 2004 a barter deed was signed for the original lot whereby DEESA agreed to pay USD 4.0 million to our subsidiary Inversora Bolívar, USD 1.0 million of which was paid in cash and the balance of USD 3.0 million was paid on December 22, 2009, through the transfer of 110 residential plots already chosen, totaling a saleable area of 127,795 sqm. The development of the project is completed and equipped with power supply, water, sewage, effluent treatment plant, public lighting, finished driveways and accesses, buildings, sports facilities, etc.

As of December 31, 2012, 14 lots extending over a total area of 13,690 sqm, were available for sale.

**Torres Rosario Project (through APSA) – City of Rosario, Province of Santa Fe**

**Condominios del Alto I – (parcel 2-G)**

The project is composed of two opposite blocks of buildings, commercially divided into 8 sub-blocks. Apartments (97 units) are distributed into 6 stories with parking spaces (98 units) in the basement. Condominios del Alto I’s amenities include a swimming pool with solarium, a multiple use room, sauna, a gym with dressroom and a laundry. Given its excellent location and construction quality, this development is targeted at a medium-high income segment.

As of December 31, 2012, the project had been completed and was in process of sale, with 4 apartments and 4 parking spaces being available for sale.

**Condominios del Alto II – (parcel 2-H)**

The project will be composed of two opposite blocks of buildings, commercially divided into 10 sub-blocks. The project will include a total of 189 apartments distributed into 6 stories and 195 parking spaces located in two basements. The amenities will include a swimming pool with solarium, a multiple use room, sauna, a gym with dressroom and a laundry. As of December 31, 2012, 17 apartments (approximately 2,100 sqm), 36 parking spaces and 6 storage spaces are available for sale.

Sales and Developments Table  
(In thousands of ARS, except as indicated)

DEVELOPMENT	6M 13	6M 12	YoY var	
Residential Apartments				
Caballito Nuevo	6,169	7,119	(13.3	)%
Torres de Rosario (7)	4,259	3,503	21.6	%
Libertador 1703 & 1755 (Horizons) (11)	69,120	26,101	164.8	%
Other Residential Apartments(8)	811	371	118.6	%
Subtotal Residential Apartments	80,359	37,094	116.6	%
Residential Communities				
Abril/Baldovinos (9)	1,113	-		
El Encuentro	4,207	7,979	(47.3	)%
Subtotal Residential Communities	5,320	7,979	(33.3	)%
Land Reserves				
Terreno Rosario(7)	-	20,587	-	
Canteras Natal Crespo	56	12	366.7	%
Subtotal Land Reserves	56	20,599	(99.7	)%
TOTAL	85,735	65,672	30.6	%

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Summary as of December 31, 2012

DEVELOPMENT	Date of Acquisition	Area intended for sale (sqm) (2)	Total Units / Lots (3)	IRSA's Effective Interest	Percentage Built	Percentage Sold (4)	Book Value (7)
<b>Residential Apartments</b>							
Torres Renoir	Sep-99	5,383	28	100.0	% 100.0	% 100.0	% -
Caballito Nuevo	Nov-97	67	1	100.0	% 100.0	% 81.2	% 582
Torres de Rosario(7)	Apr-99	3,003	21	95.7	% 100.0	% 31.4	% 6,760
Libertador 1703 y 1755 (Horizons) (11)	Jan-07	44,648	467	50.0	% 100.0	% 100.0	% 55,352
Otros Viviendas (8)	N/A	138,234	1,437				84,394
<b>Subtotal Residential Apartments</b>		191,335	1,954				147,088
<b>Residential Communities</b>							
Abril/Baldovinos (9)	Jan-95	5,137	4	100.0	% 100.0	% 99.5	% 521
El Encuentro	Nov-97	13,690	14	100.0	% 100.0	% 64.7	% 2,176
Villa Celina I, II y III	May-92	75,970	219	100.0	% 100.0	% 100.0	% -
<b>Subtotal Residential Communities</b>		94,797	237				2,697
<b>Land Reserves</b>							
Puerto Retiro	May-97	82,051	-	50.0	% -	-	51,337
Santa María del Plata	Jul-97	715,951	-	100.0	% -	10.0	% 158,951
Pereiraola	Dec-96	1,299,630	-	100.0	% -	100.0	% -
Terreno Rosario (7)	Apr-99	31,000	-	95.7	% -	100.0	% -
Terreno Caballito Neuquén (7)	Nov-97	7,451	-	100.0	% -	100.0	% -
Terreno Baicom	Jul-99	4,332	1	95.7	% -	100.0	% 32,181
Terreno Natal	Dec-09	34,500	1	50.0	% -	-	4,459
Crespo	Jul-05	4,320,000	-	50.0	% -	-	5,969
Terreno Beruti (7)	Jun-08	3,207	-	95.7	% -	100.0	% -
<b>UOM Lujan</b>							41,508
Pilar	May-97	740,237	-	100.0	% -	-	1,550
<b>Espacio Aéreo</b>							
Coto (7)	Sep-97	24,000	-	95.7	% -	-	8,946
Torres Jardín IV	Jul-96	3,176	-	100.0	% -	100.0	% -

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Terreno Caballito (7)	Oct-98	23,389	-	95.7	%	-	-	45,814
Patio Olmos (7)	Sep-07	5,147	0	95.7	%	100.0	%	32,404
Otras Res. de Tierra (10)	N/A	13,680,711	1					94,987
Subtotal Land Reserves		20,974,782	3					478,106
<b>TOTAL</b>		<b>21,260,914</b>	<b>2,194</b>					<b>627,891</b>

Notes:

(2) Total property area intended for sale upon completion of the development or acquisition and before sale of any of the units (including parking and storage spaces, but excluding common areas). In the case of Land Reserves, the land area was considered.

(3) Represents the total units or plots upon completion of the development or acquisition (excludes parking and storage spaces).

(4) The percentage sold is calculated dividing the square meters sold by the total saleable square meters.

(6) Corresponds to the company's total sales consolidated by the RT4 method adjusted for inflation as of 02/28/03. Excludes turnover tax deduction.

(7) Through Alto Palermo S.A.-

(8) Includes the following properties: Torres de Abasto through APSA (fully sold), units to be received in Beruti through APSA, Torres Jardín, Edificios Cruceros (fully sold), San Martín de Tours, Rivadavia 2768, Alto Palermo Park (fully sold), Minetti D (fully sold), Dorrego 1916 (fully sold), Padilla 902 (fully sold), Caballito swap receivable and Pereiraola plots through IRSA.

(9) Includes sales of shares in Abril.-

(10) Includes the following land reserves: Terreno Pontevedra, Isla Sirgadero, Terreno San Luis, Mariano Acosta, Merlo and Intercontinental Plaza II through IRSA, Zetol and Vista al Muelle through Liveck and C.Gardel 3134 (fully sold), C.Gardel 3128 (fully sold), Aguero 596 (fully sold), República Árabe Siria (fully sold), Terreno Mendoza (fully sold), Zelaya 3102, Conil, Soleil air space and Others APSA (through APSA).-

(11) Owned by CYRSA S.A.

## V. Hotels

Several months after having suffered the eruption of the Chilean volcano that resulted in the closing down of the Bariloche airport for most of calendar year 2012, our Llao Llao hotel has recovered its income and occupancy levels, whereas the company's hotels in the City of Buenos Aires recorded a slight fall in sales and occupancy levels during this six-month period as compared to the previous quarters, explained by the lower number of visitors from Brazil and Chile.

Hotels (in ARS MM)	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Revenues	63.0	45.5	38.5 %	116.8	85.0	37.4 %
Operating Income	(1.1 )	(0.9 )	22.2 %	(6.9 )	(1.2 )	475.0 %
Depreciation and Amortization	5.3	3.3	60.1 %	9.9	6.5	52.2 %
EBITDA	4.2	2.4	75.0 %	3.0	5.3	(42.9 )%

  

	IIQ 13	IQ 13	IVQ 12	IIIQ 12	IIQ 12
Average Occupancy	69.4 %	62.4 %	53.4 %	72.6 %	52.3 %
Average Rate per Room (ARS/night)	882	862	688	714	692

During the first six months of 2013 the hotel segment recorded an increase in revenues of 37.4%. However, operating income decreased as compared to the same period of 2012 due to higher costs and management and selling expenses, which had not been recorded in the previous year due to the hotel's reduced activity.

The following is information on our hotels as of December 31, 2012:

	Date of Acquisition	IRSA's Interest	Number of Rooms	Average Occupancy (1)	Average Rate per Room (ARS)(2)	Book Value (in thousands of ARS)
Intercontinental (3)	Nov-97	76.3 %	309	66.4 %	719	49,954
Sheraton Libertador(4)	Mar-98	80.0 %	200	71.9 %	694	35,233
Llao Llao(5)	Jun-97	50.0 %	201	59.3 %	1,350	67,575
Terrenos Bariloche(5)	Dec-06	50.0 %	-	-	-	21,900
Total		76.3 %	710	65.9 %	872	174,662

## Notes:

- 1) Cumulative average for the 6-month period.
- 2) Cumulative average for the 6-month period.
- 3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
- 4) Through Hoteles Argentinos S.A.
- 5) Through Llao Llao Resorts S.A.

## Revenues

(In thousands of ARS)

	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
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Explanation of Responses:

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Intercontinental	25,116	24,476	2.6	%	43,782	45,876	(4.6	)%
Sheraton Libertador	15,004	14,850	1.0	%	26,674	29,064	(8.2	)%
Llao Llao	22,894	6,152	272.1	%	46,351	10,094	359.1	%
Terrenos Bariloche	-	-	-	-	-	-	-	-
Total	63,014	45,478	38.6	%	116,807	85,034	37.4	%

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## VI. International

Interest in Metropolitan 885 Third Ave. LLC (“Metropolitan”) through New Lipstick LLC (“New Lipstick”)

IRSA indirectly holds a 49% interest in New Lipstick LLC, a holding company that is owner of Metropolitan, a company whose main asset is the so-called “Lipstick” office building, and the debt associated to this asset, which amounts to approximately USD 115.0 million, following a restructuring previously reported by IRSA.

The Lipstick Building is a landmark building in the City of New York, located in Midtown Manhattan. As of December 31, 2012, its gross leaseable area increased compared to the previous quarter due to the reforms carried out after its acquisition, generating an average rental price of 63.8 USD/sqm. In the month of December past, a lease agreement was entered into in connection with the entire 18th floor (1792 sqm) for a term of 10 years, at a monthly base rent of USD 62 per sqm for the first 5 years and 67 USD/sqm for the rest of the contract term.

Lipstick	Dec-12	Dec-11	YoY var	
Gross Leaseable Area (sqm)	58,079	57,824	0.4	%
Occupancy	89.0	% 89.6	% (0.7)	)%
Rental price (USD/sqm)	63.8	60.8	4.9	%

Purchase of Building located at 183 Madison Ave, New York, NY

During the period, through our subsidiary IRSA International LLC, we executed an agreement whereby IRSA agreed to purchase Rigby Madison LLC’s 33.36% interest in the company that owns the building located at Madison 183, Manhattan. Accordingly, IRSA’s interest in Rigby 183 LLC reached 74.50% of its stock capital. The transaction amount was USD 24.5 million.

The property has 19 floors. As of December 31, 2012, 95.9% of the building was occupied, at an average rental price of approximately 39.1 USD/sqm.

Madison 183	Dec-12	Dec-11	YoY var	
Gross Leaseable Area (sqm)	23,489	24,020	(2.2)	)%
Occupancy	95.9	% 68.0	% 41.0	%
Rental price (USD/sqm)	39.1	38.1	2.6	%

Interest in Hersha Hospitality Trust (“Hersha”)

Hersha is a Real Estate Investment Trust (REIT) listed on the New York Stock Exchange (NYSE: HT), and is the holder of an indirect controlling interest in 77 hotels, mainly distributed in the northeastern coast of the United States, totaling 9,951 rooms.

As of December 31, 2012, IRSA’s interest in Hersha HT’s stock capital was 8.12%.





## Investment in Supertel Hospitality Inc.

In March 2012, IRSA, through its subsidiary Real Estate Strategies, L.P., in which it holds a 66.8% interest, completed the transaction for the acquisition of 3,000,000 Series C convertible preferred shares issued by Supertel Hospitality Inc. (SHI) in an aggregate amount of USD 30,000,000. Supertel is a REIT listed in NASDAQ with the symbol "SPPR" and is focused on middle-class and long-stay hotels in 23 states in the United States of America, which are operated by various operators and franchises such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others. As of December 31, 2012, IRSA's interest in this REIT amounted to 34%.

## VII. Financial Transactions and Others

## Interest in Banco Hipotecario S.A. ("BHSA")

BHSA is a leading bank in the mortgage lending segment, in which IRSA held a 29.77% interest as of December 31, 2012 (excluding portfolio shares). For further information please refer to <http://www.cnv.gov.ar> or <http://www.hipotecario.com.ar>. During the first six months of fiscal year 2013, BHSA's contribution to IRSA's income amounted to ARS 44.0 million. On October 10, 2012, Banco Hipotecario paid dividends for ARS 100 million, as resolved upon by the shareholders' meeting held in April 2011.

## VIII. Reconciliation with Consolidated Income Statement as of December 31\*

Below is an explanation of the reconciliation of the company's income by segment with its consolidated income statement. The difference lies in the presence of joint businesses included in the segment but not in the income statement.

	Total Segment Information		Interest in Joint Businesses		Income Statement		YoY var
	6M 13	6M 12	6M 13	6M 12	6M 13	6M 12	
Revenues	1,165.4	945.8	(79.4 )	(32.9 )	1,086.0	912.9	19.0 %
Costs	(601.4 )	(464.7 )	60.7	24.3	(540.7 )	(440.4 )	22.8 %
Gross Profit /(Loss)	564.0	481.1	(18.7 )	(8.6 )	545.3	472.5	15.4 %
Income / (loss) from sale of investment properties	56.0	24.7	-	-	56.0	24.7	126.3 %
General and administrative expenses	(110.3 )	(83.0 )	1.3	1.0	(111.8 )	(82.0 )	36.4 %
Selling expenses	(54.8 )	(37.7 )	6.3	3.2	(48.5 )	(34.5 )	40.7 %
Other operating income, net	115.1	(9.6 )	0.0	1.1	116.1	(8.5 )	-
Operating Income / (Loss) before income / (loss) from interests in equity investees and joint businesses	570.0	375.5	(11.1 )	(3.3 )	557.5	372.2	49.6 %
Income / (loss) from interests in equity investees and joint businesses	8.0	18.1	6.4	(1.9 )	14.4	16.2	(11.3 )%
	578.0	393.6	(4.7 )	(5.2 )	571.9	388.4	47.1 %

Explanation of Responses:

Operating Income /  
(Loss) before financial  
income / (loss) and  
income tax

\*Includes Puerto Retiro, Baicom, CYRSA, Canteras Natal Crespo, Nuevo Puerto Santa Fe and Quality (San Martín Plot).

There is an accumulated result of ARS 115.1 million mainly due to the results generated by the consolidation of our investment in the building located in Madison 183, in Manhattan, NY.

## IX. Financial Debt and Other Indebtedness

## Consolidated Financial Debt as of December 31, 2012

Description	Currency	Amount (USD MM) 1	Interest Rate	Maturity
Bank Overdraft	ARS	40.3	Variable	< 180 days
IRSA's Tranche I Series I Notes	USD	150.0	8.50 %	Feb-17
IRSA's Tranche II Series II Notes <sup>2</sup>	USD	150.0	11.50 %	Jul-20
IRSA's Tranche III Series III Notes	ARS	31.2	Badlar + 249 bps	Aug-13
IRSA's Tranche III Series IV Notes	USD	33.8	7.45 %	Feb-14
Other Loans	USD	0.2	12.00 %	Apr-13
<b>IRSA's Total Debt</b>		<b>405.5</b>		
Bank Overdraft	ARS	17.4	Variable	< 30 days
APSA's Tranche I Series I Notes <sup>3</sup>	USD	120.0	7.88 %	May-17
Other Loans	USD	20.2	5.00 %	2013/2017
Other Loans	ARS	29.9		
<b>Total APSA's Debt<sup>4</sup></b>		<b>187.5</b>		
<b>Total Consolidated Debt</b>		<b>593.1</b>		
Consolidated Cash		(74.5 )		
Repurchase of Debt		(23.2 )		
<b>Net Consolidated Debt</b>		<b>495.4</b>		

1 Principal face value in USD at an exchange rate of 4.913 ARS = 1 USD, without considering elimination of balances with subsidiaries.

2 As of December 31, 2012 APSA had repurchased USD 3.9 million in principal amount.

3 As of December 31, 2012 APSA had repurchased USD 10.0 million in principal amount.

4 APSA excludes Convertible Notes due 2014. Outstanding principal balance: USD 31.7 million.

## Significant Events

- At the meeting held on October 31, 2012, the shareholders resolved to pay a cash dividend for ARS 180,000,000, equivalent to an amount per share of ARS 0.3110546 and an amount per ADR of ARS 3.110546. The record date was November 27 and the execution date was November 29. This dividend has been made available to the local shareholders, whereas the payment date to the ADR holders is in process of being determined.
- On November 16, 2012 we took a syndicated loan from our subsidiary APSA among several local banks for an amount of ARS 118 million. The loan is repayable in 9 quarterly consecutive installments beginning in November 2013, at an annual fixed rate of 15.01%. Interest will be paid monthly.
- On November 27, 2012, the closing of the transaction agreed on August 31, 2012 took place. Under this transaction the Group, acting through IRSA International LLC, acquired the entire 33.36% interest held by Rigby Madison LLC in Rigby 183 LLC, the company that owns the building located at Madison 183, Manhattan. The transaction amount was fixed in USD 32.5 million, which were fully paid. As of to date, IRSA's direct and indirect interest in

Rigby 183 LLC reaches 74.50% of its stock capital.

- On December 3, 2012, IRSA collected dividends from Alto Palermo S.A. for ARS 133.8 million.

#### Subsequent Events

- On January 16, 2013, IRSA accepted APSA's repurchase offer for all its Convertible Series I Notes for a principal amount of USD 31,738,262, for a total price of USD 35,362,817.54 or USD 1.11420145 per Convertible Note.

X. Brief comment on prospects for the next period

Our shopping centers have continued to exhibit sound invoicing figures and occupancy rates remain close to 100%, hand in hand with our tenants' strong commitment, who keep choosing our spaces both in the City of Buenos Aires and the inner regions of Argentina to position their brands.

We expect that during fiscal year 2013 we will continue to consolidate as the leading shopping center company in Argentina, adding new properties and footage to our current portfolio, including new top brands among our tenants and devising new ways to continue offering the best commercial proposals to our visitors.

In this sense, we will continue to work in the development of our "Arcos del Gourmet" project located in the neighborhood of Palermo, in the City of Buenos Aires. This project will follow an urban model, offering a variety of premium brands in an open-air environment, with approximately 13,000 sqm of gross leaseable area and 70 stores. This future shopping center, the fourteenth in our portfolio, started to be developed in December 2011 and it is expected to be opened in Spring 2013. Over the last months the project has been eagerly accepted among tenants, and we expect that this new proposal, which also introduces a cultural space in the retail concept, will achieve the same degree of success of our former developments.

On the other hand, we continue working on the development of a new shopping center in the City of Neuquén. We hope to have suitable business, financial and governmental conditions for making progress in this development during the second half of this fiscal year.

In addition, we will continue making efforts to improve our shopping centers' service offerings, so as to maintain our successful occupancy rates and visitors' traffic.

Regarding the Offices business, we expect to continue our sales of non-strategic portfolio assets for attractive prices as we have actively done during the past months. In addition, we will strive to achieve maximum occupancy in our buildings and the best possible lease agreements, trying to attract new firms wishing to relocate in the spaces we offer. Moreover, we are deciding on the most suitable timing for launching our "Catalinas Norte" project, which is strategically located and will add approximately 35,000 sqm of gross leaseable area to our portfolio.

Our hotel business showed improved indicators during the first six months of 2013 as our Llao Llao hotel, affected in 2012 by the eruption of the Chilean volcano, recovered its income and occupancy levels, whereas occupancy rates in our hotels in Buenos Aires have decreased as a result of the smaller number of tourists, mainly from Brazil and Chile. Betting on the growth of local tourism, we expect to recover occupancy levels in our Sheraton and Intercontinental hotels in the second half of this fiscal year.

Regarding the Sales and Developments segment, we expect to continue selling non-strategic assets and small land reserves and to make progress in the sale of units received following barter agreements in the residential projects Caballito Nuevo, Torres Rosario and El Encuentro.

As concerns our investments outside Argentina, operating indicators in our New York buildings have improved in the first six months of fiscal year 2013, thanks to our management's experience in managing real estate assets. We will continue to work towards increasing occupancy and income levels in our Lipstick and Madison buildings. Moreover, we retained our share in the hotel REITs Hersha Hospitality Trust and Supertel Hospitality Inc., listed in the New York Stock Exchange (NYSE) and NASDAQ, respectively. We expect to obtain a satisfactory return from these highly opportune investments at the shares' present values.

Given the quality of the real estate assets in our portfolio, the Company's financial position and low indebtedness level, its experience in taking advantage of market opportunities and its credentials in the capital markets, we are confident that that we will remain on the growth track, consolidating the best real estate portfolio of Argentina and taking advantage of opportunities that may arise abroad.

Inversiones y Representaciones Sociedad Anónima  
(IRSA)

March 11, 2013

By: /s/ Saúl Zang  
Saúl Zang  
Responsible for the Relationship  
with the Markets